mine felo Ce H. Shephil DIVISION OF OIL, GAS & MINING

P. O. Box 414 Moab, Utah 84532 August 24, 1989

Mr. Lowell Braxton State of Utah, Department of Natural Resources Division of Oil, Gas and Mining 355 West North Temple Three Triad Center, Suite 350 Salt Lake City, UT 84180-1203

Time CD dated August 24, 1983

Dear Mr. Braxton:

I write this letter pursuant to a telephone conversation of August 22, 1989, between yourself and L. Robert Anderson, my attorney in Monticello, Utah. Please be advised that it is my intention to see that the necessary reclamation work on the Red Rock property is completed this Fall. I have an appointment with Holland Shepard to meet on the ground at 9:30 A.M. on August 30, 1989.

You have indicated that with this assurance, you will see that the proceedings which are the subject of the letter over the signature of Gregory P. Williams, dated August 9, 1989, a copy of which I am enclosing, will be discontinued, that no hearing will be held on September 28, 1989, and that no response need be made to that letter. Please confirm by letter to me, with a copy to L. Robert Anderson at P. O. Box 275, Monticello, Utah 84535, that the proceedings have been discontinued and that no response or request for hearing on my part is required.

If necessary, please call me in Moab at 259-2915.

Very truly yours,

Clayton Stocks

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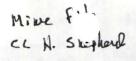
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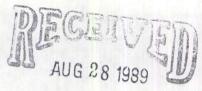


State of Utah DEPARTMENT OF NATURAL RESOU

DEPARTMENT OF NATURAL RESOURCES DIVISION OF OIL, GAS AND MINING

355 West North Temple 3 Triad Center, Suite 350 Salt Lake City, Utah 84180-1203 801-538-5340





OIL, GAS & MINING

August 9, 1989

CERTIFIED RETURN RECEIPT REQUESTED

S & S Mining Company, a copartnership Box 907 Moab, Utah 84532

Clayton Stocks Box 907 Moab, Utah 84532

Bob Shuppe 4 Orchard Way Moab, Utah 84532

Merrill Shumway 4 Orchard Way Moab, Utah 84532

First Security Bank of Utah, N.A. Moab Branch Moab, Utah 94532

Dear Sirs:

This is to notify you that under the jurisdiction and authority of Utah Code Ann. § 40-8-5 and 40-8-14, and pursuant to the Utah Administrative Procedures Act, the Utah Board of Oil, Gas and Mining intends to declare forfeited the following surety: The Time Certificate of Deposit for \$15,000, deposited by S & S Mining Company, a copartnership, and State of Utah Board of Oil, Gas and Mining, in First Security Bank of Utah, Moab Office, dated August 24, 1983, together with any successor instrument or successor deposit to that certificate. A copy of the said certificate of deposit is attached. The Board intends to take this action on the grounds that S & S Mining Company, a copartnership, has failed and refused to carry out the necessary land reclamation as outlined in its notice of intention for mining operations.

Page 2 S & S Mining Company August 9, 1989

If you wish to contest this action you must file a written response within 30 days of the mailing date of this notice, along with a written request for hearing. Upon receipt of a timely response and request, the Board will set the matter for hearing on September 28, 1989, beginning at 10:00 a.m., in the Boardroom of the Division of Oil, Gas and Mining at 355 West North Temple, 3 Triad Center, Suite 301, Salt Lake City, Utah. The hearing will be conducted formally in accordance with Utah Code Ann. § 63-46b-6 through 63-46b-11 of the Utah Administrative Procedure Act, and the Procedural Rules of the Utah Board of Oil, Gas and Mining.

If a response and a hearing request are not timely filed, the Board may find you in default and issue a final order forfeiting the surety and you may be precluded from any further participation, appeal or judicial review in regard to this matter.

You may contact a representative of the Board, Marjorie L. Anderson, at the telephone number and address below if you have any questions.

Sincerely,

GREGORY P. WILLIAMS, Chairman Board of Oil, Gas and Mining 3 Triad Center

355 West North Temple

Salt Lake City, Utah 84180

(801) 538-5340

Attention: Marjorie L. Anderson

Counsel for the Division RALPH L. FINLAYSON Assistant Attorney General 124 State Capitol Salt Lake City, Utah 84114